

Message Text

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ORIGIN SS-15

INFO OCT-01 EUR-12 EA-07 NEA-10 ISO-00 PM-04 NSC-05 SP-02

CIAE-00 INR-07 NSAE-00 DODE-00 L-03 AID-05 IGA-01 H-02

OMB-01 TRSE-00 XMB-02 FRB-03 /080 R

DRAFTED BY E:RMPOATS

APPROVED BY E:CWROBINSON

EA/J:LEDMOND (DRAFT)

EUR/CE:RCASAGRANDE

NEA/EGY:GGBROWN

S/S:CABORG

----- 120944

P 060020Z SEP 75

FM SECSTATE WASHDC

TO AMEMBASSY CAIRO PRIORITY

AMEMBASSY TOKYO PRIORITY

AMEMBASSY BONN PRIORITY

C O N F I D E N T I A L STATE 212142

E.O. 11652: GDS

TAGS: EAID, USEGJC

SUBJECT: EMERGENCY AID TO EGYPT

REF: TOKYO 12163

1. FRG EMBASSY OFFICER INFORMED DEPARTMENT THAT FRG HAD DECIDED TO LEND \$50 MILLION TO EGYPT FOR UNTIED COMMODITY IMPORT FINANCING AS GERMAN CONTRIBUTION TO \$1 BILLION PACKAGE OF EMERGENCY BALANCE OF PAYMENTS RELIEF. DECISION HAS BEEN COMMUNICATED TO FRG EMBASSY CAIRO WHICH IS TO INFORM GOE. UNTIL DECISION IS REPORTED TO EC THROUGH COMMITTEE MEETING EXPECTED SOON, FRG REQUESTS THAT THIS INFORMATION BE CONFINED TO GOVERNMENTS CONSIDERING ADDITIONAL AID TO EGYPT.
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2. DEPARTMENT OFFICER ADVISED FRG EMBASSY THAT DECISION TO PROVIDE ONLY HALF AMOUNT USG AND GOE HAD REQUESTED WOULD NOT ONLY DISAPPOINT OTHER PARTICIPANTS AND GOE BUT MIGHT HAVE EFFECT OF DISCOURAGING FURTHER CONSIDERATION BY

JAPAN OF RAISING ITS OFFER FROM \$50 MILLION TO \$100 MILLION AND MIGHT CAUSE FRANCE AND OTHER EC COUNTRIES TO CUT BACK ON AMOUNTS WE HAD REQUESTED OF THEM. THIS WOULD CAUSE SERIOUS SHORTFALL IN MEETING \$1 BILLION TARGET.

3. FRG EMBASSY OFFICER SAID HE WOULD COMMUNICATE THIS VIEW TO BONN BUT HE BELIEVED DECISION WAS FINAL. HE NOTED THAT FRG HAS RECENTLY BEEN DISCUSSING WITH GOE IMPLEMENTATION OF OUTSTANDING FRG COMMITMENT TO PROVIDE DM 155 MILLION IN COMMODITY AID (OUT OF TOTAL COMMITMENT OF DM 245 MILLION MADE LAST APRIL). THUS SUM OF GERMAN FINANCING AVAILABLE FOR EGYPTIAN GENERAL IMPORTS FROM ANY SOURCE IN THE BALANCE OF CY-1975 WILL BE OVER \$100 MILLION. HE ASSUMED LOANS WOULD BE ON VERY LIBERAL TERMS, IN VIEW OF HIGHLY CONCESSIONAL U.S. TERMS.

4. SECRETARY MAY HAVE OCCASION TO PURSUE CASE FOR LARGER GERMAN CONTRIBUTION IN MEETING WITH GENSCHER IN NEW YORK.

5. DEPARTMENT HAS INFORMED JAPANESE EMBASSY OF SUBSTANCE OF PARAS 1 AND 3 ABOVE. YASUKAWA, WHO HAD INQUIRED ABOUT GERMAN AID EARLIER IN WEEK, TOLD ASSISTANT SECRETARY HABIB SEPTEMBER 3 THAT FOREIGN MINISTER MIYAZAWA "HAD NOT YET GIVEN UP HOPE" OF GETTING MORE THAN \$50 MILLION, THAT HE (YASUKAWA) WAS RETURNING TO TOKYO ON SEPTEMBER 6, AND THAT FOLLOWING CONSULTATIONS IN JAPAN HE SHOULD BE ABLE PROVIDE HABIB WITH MORE DEFINITIVE WORD ON AID PROSPECTS.

6. FOR TOKYO: PLEASE CONTINUE TO SUPPORT EFFORT TO SUPPLEMENT JAPANESE OFFER THROUGH EX-IM LOAN FOR GENERAL IMPORT-FINANCING, I.E., NON-PROJECT AID. PROJECT ASSISTANCE IS FINE BUT IT DOES NOT MEET EMERGENCY BALANCE OF PAYMENTS PROBLEM. ROBINSON

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